

## Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 INT-08 SCEM-02 COME-00

EUR-25 SCI-06 OMB-01 DRC-01 /175 W

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FM AMEMBASSY DACCA

TO SECSTATE WASHDC 1235

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E.O. 11652: N/A

TAGS: ENRG, BGEN, BG, RO

SUBJECT: PETROLEUM: MOBIL OIL INTEREST IN BANGLADESH LUBRICANTS  
MARKET

REF: A. STATE 1515; B. DACCA 3736; C. DACCA MEMO TO NEA/PAB 8/23/73  
D. DACCA 187

BEGIN SUMMARY: TEL PROVIDES ANSWERS TO QUESTIONS MOBIL OIL POSED

RE LOCAL LUBRICANTS MARKET AND GIVES SOME DEMSILS RE ROMANIAN LUBE  
SHIPMENTS TO BANGLADESH UNDER BARTER AGREEMENT. END SUMMARY.

1. GENERALLY RELIABLE SOURCE HAS PROVIDED FOLLOWING ANSWERS TO  
QUESTIONS POSED REFTEL RE LOCAL LUBRICANTS MARKET:

A. BDG TOOK OVER DAWOOD PETROLEUM FOLLOWING BANGLADESH LIBERATION  
AS ABANDONED PROPERTY AND RECENTLY RENAMED IT PADMA OIL COMPANY.  
BDG CONTINUES RUN FIRM.

B. PADMA'S CURRENT SHARE OF LOCAL MARKET FOR BLENDABLE LUBRICANTS  
IS ABOUT 14 PERCENT. ALTHOUGH IT WOULD LIKE TO INCREASE ITS SHARE  
OF MARKET, ITS ABILITY TO DO SO QUESTIONABLE. "SHARE OUT" OF  
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LUBRICANTS, WE UNDERSTAND, IS ALLOCATED BY DIRECTOR OF OIL OPERATIONS

AND CHIEF CONTROLLER OF IMPORTS AND EXPORTS. OTHER ALLOTTEES WOULD LIKELY OPPOSE PADMA'S AMBITIONS TO EXPAND ITS SHARE OF MARKET FURTHER.

C. BDG HAS NOT APPROVED PADMA CONSTRUCTION THIRD LUBRICANT PLANT.

D. JAMUNA OIL CO., BDG-OWNED SUCCESSOR TO PAKISTAN/BANLADESH NATIONAL OIL LTD. (PNOL), HAS BEEN URGING GOVERNMENT TO APPROVE CONSTRUCTION THIRD LUBE BLENDING PLANT (SEE REFS B & C). UNDERSTAND BDG RELUCTANT APPROVE JAMUNA REQUEST SINCE SUCH PLANT WOULD COST ABOUT \$1 MILLION AND SINCE TWO EXISTING PLANTS REPORTEDLY POSSESS CAPACITY TO MEET COUNTRY'S NEEDS FOR BLENDED LUBES OVER NEXT FIVE YEARS OR SO. NONETHELESS, JAMUNA'S PREDECESSOR HAD SOUGHT TO SET UP LUBE PLANT IN THEN EAST PAKISTAN PRIOR LIBERATION AND HAD BROUGHT IN SOME LIMITED SUPPLIES. THERE HAVE BEEN RUMORS PADMA WOULD LIKE ASSOCIATE ITSELF WITH JAMUNA IN THIRD PLANT.

E. JAMUNA OIL CO. NOW HAS ABOUT 27 PERCENT OF BLENDABLE LUBE ALLOCATIONS, I.E. NEARLY TWICE THAT OF PADMA. BOTH JAMUNA AND PADMA WERE ABLE TO INCREASE THEIR PERCENTAGES RECENTLY FROM 17 AND 8 PERCENT, RESPECTIVELY, AS RESULT REALLOCATION ALLOTMENTS FORMERLY ASSIGNED TO SEVERAL OTHER ABANDONED-PROPERTY DISTRIBUTION COMPANIES. STANDARD ASIATIC OIL CO. LTD. (SAO - 50 PERCENT ESSO) AND EASTER LUBRICANTS BLENDERS LTD. (ELB - 100 PERCENT BURMAH EASTERN), THE TWO EXISTING LUBE BLENDING PLANTS, ARE EACH ALLOCATED ROUGHTLY 30 PERCENT OF MARKET.

2. SAME SOURCE GIVES SLIGHTLY DIFFERENT DATA ON LOCAL LUBE MARKET FROM THAT REPORTED IN REF D OF JANUARY 10. PUTS MARKET FOR BLENDABLE AND NON-BLENDABLE LUBES, INCLUDING GREASES, AT ABOUT 24,000 LONG TONS FOR 1973. BLENDABLES ACCOUNT FOR ABOUT 20,000 TONS. NON-BLENDABLES, I.E. ALREADY DRUMMED AND BLENDED HIGH GRADE LUBES, ARE ESTIMATED AT ABOUT 1,400 TONS AND GREASES AT 1,400 TONS. IN ADDITION BANGLADESH RAILWAYS REQUIRES SOME 1,200 TONS BASE OILS YEARLY, WHICH BURMAH EASTER USUALLY SUPPLES THROUGH ELB.

3. ELB CURRENTLY BLENDS LUBES FOR PADMA UNDER LICENSE FROM MOBIL. JAMUNA GETS ITS BLENDS FROM SAO, USING AT LEAST IN PART, FORMULATIONS PROVIDED UNDER LICENSE BY CASTROL OF UK. LATTER REPORTEDLY LIMITED OFFICIAL USE

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CLAIMS JAMUNA NOT PAYING LICENSE FEES. AS NOTED REF B & C, CALTEX CONSIDERING JOINING JAMUNA IN SETTING UP THIRD LUBE BLENDING PLANT.

4. SOURCE ALSO PROVIDED SOME DATA ON PROJECTED LUBE IMPORTS FROM ROMANIA DURING CY 1974. THESE PRESUMABLY FALL UNDER 3-YEAR BILATERAL BARTER ARRANGEMENTS AND INCLUDE NEARLY 14,000 TONS MEDIUM AND HIGH VISCOSITY INDEX LUBES AND PACKED GREASES. ROMANIA ALSO TO DELIVER OVER 11,000 TONS LOW VISCOSITY INDEX LUBES BY

MARCH 1974. VALUATION THESE LUBES NOT GIVEN.

5. WE HAVE NOT INFORMED ANYONE OF MOBIL'S INTEREST IN THIS MATTER.  
PADMA NOT RPT NOT INTERVIEWED. INFO IN 1 AND 2 ABOVE MAY BE PASSED  
MOBILE. INFO PARAS 3 AND 4 FOR DEPARTMENTS'S BACKGROUND ONLY,  
INCLUDING IDENTIFICATION JAMUNA'S POSSIBLE US PARTNER.  
NEWBERRY

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